

Registered number: 2597969

ARUN ESTATE AGENCIES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022



ARUN ESTATE AGENCIES LIMITED

COMPANY INFORMATION

Directors	P A Rooney C A Coxon J M Dalrymple A A Sotgiu J Bunning M Lindsay (appointed 31 March 2023)
Registered number	2597969
Registered office	St Leonard's House North Street Horsham West Sussex RH12 1RJ
Independent auditors	Warrener Stewart Chartered Accountants & Statutory Auditors Harwood House 43 Harwood Road London SW6 4QP

ARUN ESTATE AGENCIES LIMITED

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ARUN ESTATE AGENCIES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

Introduction

The directors present their Group Strategic Report for the year ended 30 September 2022.

Principal activities

The principal activities of the Group during the year were the arrangement of the sale of properties, the letting and management of properties, and the provision of related financial services.

Objectives and Strategy

The objective of the Group is to continue to produce profitable results, positive cashflows and a strong financial position, from the principal activities set out above. This is achieved through the maximisation of income, combined with efficient operational cost controls. This strategy when aligned with the Group's diverse business model, continues to increase the long term value of the Group for the benefit of the shareholder and to create a secure workplace for its employees. This objective can only be attained by the Group meeting its overriding objective of continuing to deliver a premium service to our customers.

Business Review

The Group has produced a favourable profit before taxation of £9,623,000 for the year, on the back of the previous year's record result of £25,378,000, of which £4,903,000 was previously reported as the profit for the half year to 31 March 2022. Given the circumstances of the year with an unsettled economy with both the cost of living and interest rates rising combined with the uncertainty and supply chain difficulties caused by the war in Ukraine the directors are of the opinion that the Group has produced a very satisfactory result.

The result reflects a housing market that for the first half of the year was one of increasing average house prices supported by low interest rates and buyer demand; however, the second half of the year showed a slowdown due to the factors outlined above. These factors had the affect of reducing the number of applicants looking for property which has reduced the numbers of offers and sales. These conditions were instrumental in the Group's turnover decreasing to £60,975,000 from the £78,457,000 achieved in the previous year of record high transaction levels.

The Group was well positioned to be able to deal with both the more positive market in the first half of the year and the more challenging housing market conditions encountered in the second half of the financial year. The Group being able to build on the success and utilise the funds generated from the previous record financial year. Additionally, the Group continues to benefit from the cost saving measures undertaken in 2020.

The Group's customers therefore continue to receive a premium service due to the Group being able to rely on the progressive and enterprising leadership displayed by its highly experienced management team and the professionalism and dedication of its staff.

As a result, the directors are pleased to report that the Group was able to maintain a steady 9% market share of sales transactions although sales commissions dropped away slightly throughout the year. This fall in commission rates was offset by the increase in average fees in real terms as a result of a 6.5% increase in property values. The directors see this as a strong indication that our customers appreciate that the Group's staff understand their needs and that they entrust the Group and particularly the quality and experience of its staff, to deliver results and continue to provide them with a premium service which maximises the sales value of their properties.

Additionally, the Group has been able to utilise its financial strength, from the results of the last two years, to invest in its staff, infrastructure and to continue to make the significant charitable donations that the Group is proud to have made.

ARUN ESTATE AGENCIES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

The Group, pleased to have been awarded the prestigious Investors In People Gold Award, continues to invest in the training and development of its staff. In respect of training the Group has established an upgraded training academy which has been accredited by Propertymark to deliver staff with a professional qualification alongside the quality business training provided. Basic salaries and overall packages for staff were reviewed and improved during the year which resulted in staff benefiting further from the results achieved by the Group and enabling the Group to attract staff from other industries to the business. The above investment in staff resulted in the annual independent staff engagement survey indicating that an overwhelming majority (93%) of the Group's staff are of the opinion that the Company is a good place to work while a similar level of staff (90%) are proud to work for the Arun Group, while on the question of Leadership 92% of staff feel that all of the respective trading brands of the Group are well run.

The Group has continued its investment in the IT infrastructure and during 2022, in particular, has made a significant investment in the resources of its IT department to ensure the Group is utilising cutting-edge technology within the continued development of its residential and financial services sales software and the development of internal systems. The hardware utilised by the Group also continues to be updated and a new digital phone system was introduced during the year. Additionally, the Group undertook ongoing work to deliver a new residential branded website which was introduced in November 2022. The Group is also continuing to undertake significant investment in the branch network refurbishment and refit programme that plans to have refreshed every branch within the next eighteen months. The Group has continued to invest in advertising and marketing initiatives to reinforce and underpin our position and reputation as a premium brand estate agent within the overall estate agency market.

The Group continues to make significant payments to charities. In response to the cost-of-living crisis the Group made a commitment to support vulnerable children in our local community by donating £1,000,000 to Barnardo's - £500,000 of which was a major portion of the £711,000 of charitable donations made in the year. Within this figure, as reported last year, an additional £200,000 donation was made to The Rooney Family Foundation that particularly caters for the needs of sick and vulnerable children within the Group's geographical area. It was from this charity that the Group was able to arrange that £50,000 was immediately donated to support the DEC Ukraine Humanitarian Appeal.

Subsequent to the year end the Group has continued to address the needs of vulnerable people affected by the cost-of-living crisis by supporting local Community Foundation charities. The Group has, to date, provided £750,000 in donations to provide support and funding for food banks and other local initiatives that help those most affected by the cost-of-living crisis. These donations take the total amount of charitable donations made by the Group to over £16,750,000.

The Group remains financially strong. As at the year end the Group has net current assets of more than £76,500,000, including cash of £27,755,000 and has no debt. The net assets at the balance sheet date are in excess of £86,450,000.

The Group's directors continue to utilise this financial strength to ensure that the Group's business continues to evolve, innovate, and move forward in the housing market.

Future Prospects

The Group has continued to trade in line with expectations since the year-end and was able to grow its Estate Agency market share in the first quarter with commission rates at levels above the market average, albeit at a lower percentage than in 2021. Despite this the Group is showing a small loss before taxation for the first half of the year to March 2023. This is after charging the charitable donations outlined above together with the payment of support payments to our non-managerial staff, which have continued into 2023, to also assist them with the current difficult economic conditions.

ARUN ESTATE AGENCIES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

The Group continues to assess forecasts of income subsequent to the above date. These forecasts take account of the challenging market conditions. A downturn in the market in 2023 is evidenced by the significant reduction in customer enquiries as a consequence of the cost-of-living crisis, reducing the volume of new sale transactions, resulting in an increase in available housing stock. In turn this will impact on sales values based on the increase in available housing stock and lower demand.

Based on these forecasts the directors are of the opinion that profits will be challenged across the Group in the first half of 2023, with more favourable results from the final quarter of the financial year. Notwithstanding this the Group continues to invest for the future and diversify with a recent lettings acquisition and additionally, as reported above, has continued and intends to carry on making significant charitable donations.

The Group will produce a reasonable result for the year to 30 September 2023. This opinion, having regard to the events noted above, is based on our continued diversification with the ongoing success of our financial services and expanding, following a recent acquisition, lettings businesses combined with a strong established base for continuing our estate agency achievements.

Although the Directors are conscious of the risks of a difficult market, they are of the opinion that the Group has sufficient financial strength, as outlined above, together with a management team and staff who are experienced in dealing with challenging market conditions and understanding customers' needs and are committed to helping them move forward on their life's journey. These factors will enable the Group to meet both the challenges of the current market conditions and capitalise on opportunities provided by any future improvement from these conditions.

Principal risks and uncertainties

Market risk

The principal risk to the business is the health of the UK residential property market. Confidence in the market is affected by a number of factors, principally the performance and stability of the UK and world economies, which affect underlying interest rates.

Clearly the country's current economic position is experiencing a significant degree of uncertainty due to both the war in Ukraine and the continuing Covid-19 pandemic, which still has an impact on the UK housing market. As a result the Group has undertaken the responses to the Covid-19 situation as outlined in the previous year and above, from which it has produced the outcome outlined in the Business Review and Future Prospects above.

Competitor challenge

The Group operates in a highly competitive marketplace. New or existing competitors could develop new services or methods of working including online and hybrid agents which could give them a competitive advantage over the Group. Additionally, there are always new entrants to the market and a continual pressure on commission rates, particularly as a result of the availability of housing stock.

The Group continually assesses competitor activity. Furthermore, the Group regularly reviews its business model to decide whether strategic investments could be made to help develop our competitive advantage. The Group particularly develops new technology platforms and ways of working, to improve efficiency and the customer experience.

The Group believes the emotional and complex nature of estate agency transactions means that online agents will not have a major role in sales or lettings transactions without the involvement of an estate agent. Furthermore, any market share gained by online and hybrid agents is likely to be at the expense of traditional estate agents which compete on price and have lower levels of service, rather than the Group's premium service.

ARUN ESTATE AGENCIES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

IT systems and cyber risk

The Group's business operations are dependent on sophisticated and bespoke IT systems which could fail or be deliberately targeted by cyber-attacks leading to interruption of service, corruption of data or theft of personal data. Such a failure or loss could also result in reputational damage, fines or other adverse consequences.

Our IT function, supported by external specialists, and the internal, bespoke systems that they have developed, maintains both preventative and detective processes and controls to mitigate the identified risks ensuring that they are robust, fit for purpose and continually developed to take advantage of new technologies.

Recruitment and retention of staff

There is a risk that the Group may not be able to recruit or retain quality staff to achieve its operational objectives or mitigate succession risk. This risk may occur in the event competition for talent increases or there are changes in our industry or markets that result in less attractive career opportunities. The long hours and weekend working in estate agency may result in people seeking more attractive working hours.

The Group maintains a structured approach to recruitment using internal specialist teams, enabling it to continually recruit high-quality people. The Group continues to invest in training, development and succession planning so that future leaders can be identified and nurtured. Additionally, our track record of promoting from within generates significant staff loyalty within senior and mid-management employees. We employ colleague surveys, workforce engagement forums and welfare initiatives as ways to identify and address pressures.

Financial key performance indicators

Management monitors the performance of the business by reference to internal forecasts, cashflows and industry statistics. These indicators are considered sufficient to provide an overview of business performance relative to expectations and market trends.

Directors' statement of compliance with duty to promote the success of the Group

The directors of Arun Estate Agencies Limited consider that they have fulfilled their individual and collective duty under section 172(1) of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Company and the Group for the benefit of shareholders as a whole. This has been achieved through strong systemic controls; investment in our staff through training and incentives; and a focus on high standards of customer service. The sole share class has representation at Board level and the Board is committed to a strategy that will drive long term value for the equity holder in the business.

This report was approved by the board and signed on its behalf.



C A Coxon
Director

Date: 17th August 2023

ARUN ESTATE AGENCIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present their report and the financial statements for the year ended 30 September 2022.

Directors

The directors who served during the year were:

P A Rooney
C A Coxon
J M Dalrymple
A A Sotgiu
J Bunning

M Lindsay was also appointed to the board on 31 March 2023.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £7,681,000 (2021 - £20,545,000).

Interim dividends of £4,000,000 (2021: £2,800,000) were declared during the year and the remaining profits will be transferred to reserves.

ARUN ESTATE AGENCIES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Charitable donations

The Group made charitable donations to UK charities of £711,000 (2021: £2,120,000) during the year. The main beneficiaries were:

	2022 £000	2021 £000
Barnardos	500	-
The Kent Community Foundation	-	100
Haven House Foundation	2	2
Canterbury Rugby Charitable Foundation	2	12
The Rooney Family Foundation	200	2,000
Others	7	6
	<u>711</u>	<u>2,120</u>

The above payments take the total amount donated by the Group to local charities since 2003 to over £15,500,000. As mentioned in the Group Strategic Report, significant donations have been made subsequent to the year end. These donations, which provided continued support for Barnardo's and support to local food banks to help address the continuing cost of living crisis, take the total amount of charitable donations made by the Group to over £16,750,000. These funds are still being utilised and distributed to charitable causes today.

Any staff challenges deferred into 2022 because of Covid-19 have now been undertaken which has now taken the total charitable funds raised by staff to an incredible £848,820.

Land and buildings

In the opinion of the directors, the carrying value of freehold land and buildings at 30 September 2022 was not materially different to its open market value.

Future developments

The Group has traded in line with expectations since the year end. The directors are confident that the Group has the structure in place to deal with the current market and any future changes in market conditions.

The directors are of the opinion that the Group will produce a satisfactory result in the year to 30 September 2023.

Engagement with employees

Efforts are made to consult and inform employees on matters which concern them with emphasis particularly in the last two years on their health and safety and also on the continuing growth and development of the company. This communication being achieved principally through the internal intranet system and through the regional and branch management structure.

The Group continues to value the feedback it receives from staff in the annual Employee Engagement Survey that it has undertaken for each of the last fourteen years.

It is the Group's policy to support the employment of disabled persons wherever possible, both in recruitment and by the retention of employees who have become disabled whilst in the employment of the Group.

ARUN ESTATE AGENCIES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group's greenhouse gas emissions and energy consumption are as follows:

	2022	2021
Emissions resulting from activities for which the Group is responsible involving the combustion of gas or consumption of fuel for the purposes of transport (in tonnes of CO2 equivalent)	152	183
Emissions resulting from the purchase of the electricity by the Group for its own use, including the purposes of transport (in tonnes of CO2 equivalent)	558	584

The Group's greenhouse gas emissions are based on the period 1 October 2021 to 30 September 2022.

The methodologies used for our transport emissions having been calculated using the Group's company vehicles' mileage records and mileage reclaims on employees' personal vehicles. The average CO2 per km on company vehicles has been used to calculate the CO2 per km on personal vehicles.

The methodologies used to calculate electricity consumption have been taken from our supplier who provided a breakdown of energy consumption in tonnes of CO2 equivalent.

The Group is committed to reducing its environmental impact and contribution to climate change. As a Group our greenhouse gas emissions are minimal.

We have targeted to reduce our emissions per employee by focusing on efficiencies. In particular, we are increasing the efficiency of our motor vehicle fleet and providing recycling facilities at all our locations.

As a Group, the overall tonnes of CO2 per employee is 0.78 (2021: 0.87) based on the average monthly employees of 905 (2021: 882). The tonnes of CO2 per £million of turnover is 11.8 (2021: 9.8) based on turnover of £60,975,000 (2021: £78,457,000).

Post balance sheet events

The Group's response to the continued effects of the war in Ukraine, the cost of living price increases and interest rate increases are detailed in note 27 and within the Strategic Report on pages 1 to 4.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.


ARUN ESTATE AGENCIES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Auditors

The auditors, Warrener Stewart, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



C A Coxon
Director

Date: 17TH AUGUST 2023

ARUN ESTATE AGENCIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARUN ESTATE AGENCIES LIMITED

Opinion

We have audited the financial statements of Arun Estate Agencies Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2022, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

ARUN ESTATE AGENCIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARUN ESTATE AGENCIES LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

ARUN ESTATE AGENCIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARUN ESTATE AGENCIES LIMITED (CONTINUED)

Our assessment of the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur, is considered to be low. This conclusion was reached after consideration of the following:

- a high level of review of key performance and similar indicators;
- a high level of informed management within the finance function;
- the general absence of individuals with opportunity and authority to override controls; and
- a group-wide system of procedures designed to prevent and detect fraud

We designed our audit procedures to respond to identified audit risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements. Some of the specific procedures performed to detect irregularities, including fraud, are detailed below:

- review of control accounts and journal entries for large, unusual or unauthorised entries;
- analytical review of the detailed profit and loss account for variances that are either unexpected or felt not to be in accordance with our understanding of the business during the year;
- obtaining and reviewing for completeness a list of entities and persons considered to be related parties (as defined by Financial Reporting Standard 102) and reviewing the ledgers of the Company for previously unreported related party transactions; and
- a review of transactions and journals for any indication of fraud or management override.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Colin Edney (Senior Statutory Auditor)

for and on behalf of
Warrener Stewart

Chartered Accountants
Statutory Auditors

Harwood House
43 Harwood Road
London
SW6 4QP

Date:

30 August 2023

ARUN ESTATE AGENCIES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 £000	2021 £000
Turnover	4	60,975	78,457
Other external charges		(14,763)	(14,223)
Staff costs	5	(37,509)	(39,925)
Depreciation and amortisation		(1,137)	(903)
Other operating expenses		(115)	-
Operating profit	7	7,451	23,406
Interest receivable and similar income	9	2,172	1,973
Interest payable and similar expenses	10	-	(1)
Profit before tax		9,623	25,378
Tax on profit	11	(1,942)	(4,833)
Profit for the financial year		7,681	20,545
Unrealised surplus on revaluation of tangible fixed assets		332	-
Total comprehensive income for the year		8,013	20,545
Profit for the year attributable to:			
Owners of the parent Company		7,681	20,545
Total comprehensive income for the year attributable to:			
Owners of the parent Company		8,013	20,545

The notes on pages 21 to 43 form part of these financial statements.

ARUN ESTATE AGENCIES LIMITED
REGISTERED NUMBER:2597969

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Intangible assets	13		58		148
Tangible assets	14		9,849		7,825
Investments	15		501		570
			<u>10,408</u>		<u>8,543</u>
Current assets					
Debtors: amounts falling due after more than one year	16	42,746		46,746	
Debtors: amounts falling due within one year	16	12,461		7,750	
Cash at bank and in hand	17	27,755		31,131	
		<u>82,962</u>		<u>85,627</u>	
Creditors: amounts falling due within one year	18	(6,371)		(11,386)	
Net current assets			<u>76,591</u>		<u>74,241</u>
Total assets less current liabilities			<u>86,999</u>		<u>82,784</u>
Creditors: amounts falling due after more than one year	19		-		(181)
Provisions for liabilities					
Deferred taxation	22	(518)		(127)	
Other provisions	23	(26)		(34)	
			<u>(544)</u>		<u>(161)</u>
Net assets			<u><u>86,455</u></u>		<u><u>82,442</u></u>

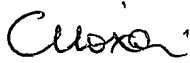
ARUN ESTATE AGENCIES LIMITED

REGISTERED NUMBER:2597969

CONSOLIDATED BALANCE SHEET (CONTINUED) AS AT 30 SEPTEMBER 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Capital and reserves					
Called up share capital	24		1		1
Capital redemption reserve	25		8		8
Revaluation reserve	25		1,883		1,674
Other reserves	25		324		324
Profit and loss account	25		84,239		80,435
Equity attributable to owners of the parent Company			86,455		82,442

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



C A Coxon
Director



J M Dalrymple
Director

Date: 17th AUGUST 2023

The notes on pages 21 to 43 form part of these financial statements.

ARUN ESTATE AGENCIES LIMITED

REGISTERED NUMBER:2597969

COMPANY BALANCE SHEET AS AT 30 SEPTEMBER 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Intangible assets	13		58		148
Tangible assets	14		4,632		2,879
Investments	15		1,001		1,070
			<u>5,691</u>		<u>4,097</u>
Current assets					
Debtors: amounts falling due after more than one year	16	42,746		46,746	
Debtors: amounts falling due within one year	16	14,830		10,301	
Cash at bank and in hand	17	27,687		31,070	
		<u>85,263</u>		<u>88,117</u>	
Creditors: amounts falling due within one year	18	(7,091)		(12,127)	
Net current assets			<u>78,172</u>		<u>75,990</u>
Total assets less current liabilities			<u>83,863</u>		<u>80,087</u>
Creditors: amounts falling due after more than one year	19		-		(181)
Provisions for liabilities					
Deferred taxation	22	(618)		(217)	
Other provisions	23	(26)		(34)	
			<u>(644)</u>		<u>(251)</u>
Net assets			<u><u>83,219</u></u>		<u><u>79,655</u></u>

ARUN ESTATE AGENCIES LIMITED


REGISTERED NUMBER:2597969

COMPANY BALANCE SHEET (CONTINUED) AS AT 30 SEPTEMBER 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Capital and reserves					
Called up share capital	24		1		1
Capital redemption reserve	25		8		8
Revaluation reserve	25		1,016		687
Profit and loss account	25		82,194		78,959
			<u>83,219</u>		<u>79,655</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


C A Coxon
Director


J M Dalrymple
Director

Date: 17th August 2023

The notes on pages 21 to 43 form part of these financial statements.

ARUN ESTATE AGENCIES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Called up share capital £000	Capital redemption reserve £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 October 2020	1	8	1,674	324	62,690	64,697
Comprehensive income for the year						
Profit for the year	-	-	-	-	20,545	20,545
Contributions by and distributions to owners						
Dividends: Equity capital	-	-	-	-	(2,800)	(2,800)
At 1 October 2021	1	8	1,674	324	80,435	82,442
Comprehensive income for the year						
Profit for the year	-	-	-	-	7,681	7,681
Transfer to profit and loss account	-	-	(123)	-	123	-
Revaluation surplus	-	-	332	-	-	332
Contributions by and distributions to owners						
Dividends: Equity capital	-	-	-	-	(4,000)	(4,000)
At 30 September 2022	1	8	1,883	324	84,239	86,455

The notes on pages 21 to 43 form part of these financial statements.

ARUN ESTATE AGENCIES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Called up share capital £000	Capital redemption reserve £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 October 2020	1	8	687	61,717	62,413
Comprehensive income for the year					
Profit for the year	-	-	-	20,042	20,042
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(2,800)	(2,800)
At 1 October 2021	1	8	687	78,959	79,655
Comprehensive income for the year					
Profit for the year	-	-	-	7,235	7,235
Revaluation surplus	-	-	329	-	329
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(4,000)	(4,000)
At 30 September 2022	1	8	1,016	82,194	83,219

The notes on pages 21 to 43 form part of these financial statements.

ARUN ESTATE AGENCIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2022

	2022 £000	2021 £000
Cash flows from operating activities		
Profit for the financial year	7,681	20,545
Adjustments for:		
Depreciation of tangible assets	1,032	799
Amortisation of intangible assets	105	104
Impairments of fixed assets	69	(45)
Profit on disposal of tangible assets	(266)	(93)
Deficit on revaluation of freehold properties	115	-
Government grants	-	(215)
Interest paid	-	1
Interest received	(2,172)	(1,973)
Taxation charge	1,942	4,833
Decrease/(increase) in debtors	2,885	(2,690)
(Increase)/decrease in amounts owed by associates	(2,989)	360
(Decrease)/increase in creditors	(5,196)	349
(Decrease) in provisions	(8)	(52)
Corporation tax (paid)	(2,153)	(6,155)
Net cash generated from operating activities	1,045	15,768
Cash flows from investing activities		
Purchase of intangible fixed assets	(15)	(45)
Purchase of tangible fixed assets	(3,253)	(1,184)
Sale of tangible fixed assets	675	277
Interest received	2,172	1,973
Government grants	-	215
Net cash from investing activities	(421)	1,236

ARUN ESTATE AGENCIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

	2022 £000	2021 £000
Cash flows from financing activities		
Dividends paid	(4,000)	(2,800)
Interest paid	-	(1)
Net cash used in financing activities	(4,000)	(2,801)
Net (decrease)/increase in cash and cash equivalents	(3,376)	14,203
Cash and cash equivalents at beginning of year	31,131	16,928
Cash and cash equivalents at the end of year	27,755	31,131
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	27,755	31,131
	27,755	31,131

The notes on pages 21 to 43 form part of these financial statements.

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. General information

Arun Estate Agencies Limited is a limited liability company incorporated in England. The Registered Office is St Leonard's House, North Street, Horsham, West Sussex, RH12 1RJ.

The principal activities of the company are disclosed in the Group Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006.

The financial statements are prepared in £ Sterling, which is the functional currency of the Company and of the Group. The financial statements are reported in and rounded to £000's.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The Group's business activities and factors that are likely to affect its future development and financial performance are set out in the Group Strategic Review.

The directors have assessed the viability of the Company and the Group with respect to the Covid 19 pandemic, the cost of living crisis and current resources and future prospects. In particular the Board has considered a number of future scenarios including the impact of a severe downturn in the UK housing market caused by various factors such as a fall in UK economic growth and other potential domestic and geopolitical uncertainties.

The Board's assessments indicate that the Group would be able to withstand the financial impact of the above and, as a result, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue is stated exclusive of Value Added Tax.

- Turnover from estate agency represents commissions earned in respect of all transactions exchanged during the year.
- Turnover from the letting and management of properties represents management fees charged during the year.
- Commissions received on life assurance products represents commissions earned, net of amounts refunded on cancellation of agreements or policies lapsed during the year. Provision is made for future refunds or lapses at the end of each year.
- Commission received for procurator fees is recognised on exchange of contract.
- Turnover from the sale of other financial services products is recognised on a received basis.

2.5 Intangible assets

Rebranding represents the fair value of the Arun trading names rebrand identified and recognised at the point of expenditure during the year. Rebranding is amortised through the Statement of Comprehensive Income in equal instalments over four years.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short Term Leasehold Property	- Amortised over the life of the lease
Motor Vehicles	- 25% on cost
Fixtures and Fittings	- 20% to 33.33% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Short leasehold properties are amortised over the shorter of the remaining life of the lease, or useful economic life of the leasehold property.

Given the lives of the group's freehold properties are so long and that they are maintained to such a high standard, it is the opinion of the directors, supported by property valuations undertaken, that the residual values are sufficiently high so as to make any depreciation charge immaterial.

2.7 Revaluation of tangible fixed assets

Individual freehold properties are carried at market value at the date of the revaluation less any subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the result for the financial year.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income.

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.9 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.12 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.15 Operating leases: the Group as lessor

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

2.16 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.17 Pensions

The Group operates defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plans are held separately from the Group in independently administered funds.

2.18 Interest income

Interest income is recognised in profit or loss using the effective interest method.

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of revision and future years if the revision affects both current and future years.

Management considers the key estimates and judgements made in the financial statements to be related to:

Valuation of freehold properties

Freehold properties are valued periodically on behalf of the Group. Each valuation will depend on a number of factors such as the location of the property, the local market for commercial sales and general prevailing market conditions.

The judgement is mitigated by reference to the services of third party qualified surveyors who are experienced in valuing commercial property portfolios.

Depreciation

The Group maintains a wide asset base including equipment and vehicles for use in the business. It is a matter of management judgement as to the rate at which any given class of asset will depreciate, as is the residual value of such class of asset.

The appropriateness of the depreciation charge and the estimate as to residual values will depend on a number of factors such as the way an asset is used, the condition of each individual asset and whether there is a re-sale market for each asset class.

The judgement is mitigated by the Group employing the services of a professional vehicle management company.

Provisions

Provisions are made for future lapses in relation to commissions earned on an indemnity basis on life assurance policies and similar products.

Provisions are calculated by reference to the level of commission paid and the historic and expected future rate of cancellations.

The adequacy of such provisions is reviewed annually in the light of actual policy lapses in each financial period.

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £000	2021 £000
Estate agency and related services	60,877	78,349
Other income	98	108
	<u>60,975</u>	<u>78,457</u>

All turnover arose within the United Kingdom.

5. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2022 £000	Group 2021 £000
Wages and salaries	32,149	34,405
Social security costs	3,787	4,048
Cost of defined contribution scheme	1,573	1,472
	<u>37,509</u>	<u>39,925</u>

Staff costs in 2021 are stated after crediting £215,000 of government grants received under the Coronavirus Job Retention Scheme (CJRS). Further details are provided in note 20.

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Operations including branch management	851	829
Administration and management	54	53
	<u>905</u>	<u>882</u>

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

6. Directors' remuneration

	2022 £000	2021 £000
Directors' emoluments	1,606	1,810
Group contributions to defined contribution pension schemes	32	28
	<u>1,638</u>	<u>1,838</u>

During the year retirement benefits were accruing to 3 directors (2021 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £714,000 (2021 - £698,000).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,000 (2021 - £NIL).

7. Operating profit

The operating profit is stated after charging/(crediting):

	2022 £000	2021 £000
Depreciation of tangible fixed assets	1,032	799
Amortisation of intangible fixed assets	105	104
(Profit) on sale of tangible fixed assets	(266)	(93)
Impairment/(reversal of impairment) of investments	69	(45)
Rental of land and buildings	<u>2,399</u>	<u>2,307</u>

8. Auditors' remuneration

	2022 £000	2021 £000
Fees payable to the Group's auditor and its associates in respect of:		
Audit-related assurance services	37	36
Taxation compliance and advisory services	31	17
	<u>68</u>	<u>53</u>

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

9. Interest receivable

	2022 £000	2021 £000
Bank interest receivable	215	42
Other interest receivable	1,957	1,931
	<u>2,172</u>	<u>1,973</u>

10. Interest payable and similar expenses

	2022 £000	2021 £000
Bank interest payable	-	1
	<u>-</u>	<u>1</u>

11. Taxation

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the year	1,555	4,728
Adjustments in respect of previous periods	(4)	4
Total current tax	<u>1,551</u>	<u>4,732</u>
Deferred tax		
Origination and reversal of timing differences	391	101
Taxation on profit on ordinary activities	<u>1,942</u>	<u>4,833</u>

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	9,623	25,378
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,828	4,822
Effects of:		
Revaluation impairment charge	22	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(47)	(19)
Capital allowances for year (in excess of)/less than depreciation	(277)	(78)
Adjustments to tax charge in respect of prior periods	(4)	4
Capital gain on sale of property	29	-
Current year over/(under) provision	-	3
Deferred taxation	391	101
Total tax charge for the year	1,942	4,833

12. Dividends

	2022 £000	2021 £000
Interim dividends paid	4,000	2,800

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

13. Intangible assets

Group and Company

	Rebranding £000
Cost	
At 1 October 2021	453
Additions	15
At 30 September 2022	<u>468</u>
Amortisation	
At 1 October 2021	305
Charge for the year on owned assets	105
At 30 September 2022	<u>410</u>
Net book value	
At 30 September 2022	<u>58</u>
At 30 September 2021	<u>148</u>

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

14. Tangible fixed assets

Group

	Freehold property £000	S/Term Leasehold Property £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation					
At 1 October 2021	5,053	1,255	3,258	4,425	13,991
Additions	305	650	890	1,408	3,253
Disposals	(300)	-	(531)	(190)	(1,021)
Revaluations	218	-	-	-	218
At 30 September 2022	<u>5,276</u>	<u>1,905</u>	<u>3,617</u>	<u>5,643</u>	<u>16,441</u>
Depreciation					
At 1 October 2021	-	1,001	1,792	3,373	6,166
Charge for the year on owned assets	-	103	378	551	1,032
Disposals	-	-	(416)	(190)	(606)
At 30 September 2022	<u>-</u>	<u>1,104</u>	<u>1,754</u>	<u>3,734</u>	<u>6,592</u>
Net book value					
At 30 September 2022	<u>5,276</u>	<u>801</u>	<u>1,863</u>	<u>1,909</u>	<u>9,849</u>
At 30 September 2021	<u>5,053</u>	<u>254</u>	<u>1,466</u>	<u>1,052</u>	<u>7,825</u>

The Group's property portfolio was professionally valued at 30 September 2022 by a firm of Chartered Surveyors in each property location. Any surplus or deficit as a result of the valuations has been reflected in the statement of comprehensive income and movements in the revaluation reserve.

	2022 £000	2021 £000
Freehold property included at valuation:		
Cost	3,393	3,379
Cumulative valuations to market value at 30 September 2022	<u>1,883</u>	<u>1,674</u>
	<u>5,276</u>	<u>5,053</u>

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

14. Tangible fixed assets (continued)

Company

	Freehold property £000	Short term Leasehold Property £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation					
At 1 October 2021	1,571	1,255	27	4,373	7,226
Additions	-	650	-	1,408	2,058
Disposals	-	-	-	(138)	(138)
Revaluations	349	-	-	-	349
At 30 September 2022	1,920	1,905	27	5,643	9,495
Depreciation					
At 1 October 2021	-	1,001	25	3,321	4,347
Charge for the year on owned assets	-	103	-	551	654
Disposals	-	-	-	(138)	(138)
At 30 September 2022	-	1,104	25	3,734	4,863
Net book value					
At 30 September 2022	1,920	801	2	1,909	4,632
At 30 September 2021	1,571	254	2	1,052	2,879

The Company's property portfolio was professionally valued at 30 September 2022 by a firm of Chartered Surveyors in each property location. Any surplus or deficit as a result of the valuations has been reflected in the statement of comprehensive income and movements in the revaluation reserve.

	2022 £000	2021 £000
Freehold property included at valuation:		
Cost	904	884
Cumulative valuations to market value at 30 September 2022	1,016	687
	1,920	1,571

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

15. Fixed asset investments

Group

	Listed investments £000
Cost or valuation	
At 1 October 2021	1,084
At 30 September 2022	1,084
Impairment	
At 1 October 2021	514
Charge for the period	69
At 30 September 2022	583
Net book value	
At 30 September 2022	501
At 30 September 2021	570

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £000	Listed investments £000	Total £000
Cost or valuation			
At 1 October 2021	500	1,084	1,584
At 30 September 2022	500	1,084	1,584
Impairment			
At 1 October 2021	-	514	514
Charge for the period	-	69	69
At 30 September 2022	-	583	583
Net book value			
At 30 September 2022	500	501	1,001
At 30 September 2021	500	570	1,070

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Home In One Financial Services Limited	England & Wales	Ordinary	100%
Arun Leasing Company Limited	England & Wales	Ordinary	100%
Arun Property Investments Limited	England & Wales	Ordinary	100%
Arun Developments Limited	England & Wales	Ordinary	100%
Arun Surveying Limited	England & Wales	Ordinary	100%

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

15. Fixed asset investments (continued)

Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 30 September 2022 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £000	Profit/(loss) £000
Home In One Financial Services Limited	953	24
Arun Leasing Company Limited	855	267
Arun Property Investments Limited	1,922	156
Arun Developments Limited	-	-
Arun Surveying Limited	6	-

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

16. Debtors

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Due after more than one year				
Amounts owed by associated undertakings	42,746	46,746	42,746	46,746
Due within one year				
Trade debtors	2,898	6,285	2,888	6,272
Amounts owed by group undertakings	-	-	2,361	2,593
Amounts owed by joint ventures and associated undertakings	6,989	-	6,989	-
Other debtors	114	96	114	85
Prepayments and accrued income	1,743	1,259	1,613	1,115
Tax recoverable	717	110	865	236
	12,461	7,750	14,830	10,301
 Total debtors	 55,207	 54,496	 57,576	 57,047

17. Cash and cash equivalents

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Cash at bank and in hand	27,755	31,131	27,687	31,070

18. Creditors: Amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade creditors	402	266	506	363
Amounts owed to group undertakings	-	-	779	796
Other taxation and social security	2,689	3,962	2,652	3,933
Other creditors	1,373	2,201	1,335	2,129
Accruals and deferred income	1,907	4,957	1,819	4,906
	6,371	11,386	7,091	12,127

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

19. Creditors: Amounts falling due after more than one year

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	2021	2022	2021
	£000	£000	£000	£000
Accruals and deferred income	-	181	-	181

20. Government grants

	2022	2021
	£000	£000
At 1 October 2021	-	-
Received in the year	-	(215)
Released to profit and loss accounts	-	215
At 30 September 2022	-	-

Government grants have been received under the Coronavirus Job Retention Scheme (CJRS), which are disclosed within staff costs in note 5.

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

21. Financial instruments

	Group 2022 £000	<i>Group 2021 £000</i>	Company 2022 £000	<i>Company 2021 £000</i>
Financial assets				
Financial assets measured at fair value through profit or loss	27,755	31,131	27,687	31,070
Financial assets that are debt instruments measured at amortised cost	52,747	53,127	55,098	55,696
	80,502	84,258	82,785	86,766
Financial liabilities				
Financial liabilities measured at amortised cost	6,371	11,567	7,091	12,308

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts due from Group undertakings and sundry amounts receivable.

Financial liabilities measured at amortised cost comprise trade creditors, amounts due to group undertakings, other taxes, accruals & deferred income and sundry amounts payable.

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

22. Deferred taxation

Group

	2022 £000	2021 £000
Deferred tax liability/(asset)		
At 1 October 2021	127	26
Charged/(credited) to statement of comprehensive income	391	101
At 30 September 2022	518	127

Company

	2022 £000	2021 £000
At 1 October 2020	217	81
Charged/(credited) to statement of comprehensive income	401	136
At 30 September 2021	618	217

The deferred tax liability/(asset) is made up as follows:

	Group 2022 £000	<i>Group</i> 2021 £000	Company 2022 £000	<i>Company</i> 2021 £000
Accelerated capital allowances	410	49	513	142
Revalued assets	108	78	105	75
	518	127	618	217

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

23. Other provisions

Provision for onerous lease obligations:

	2022 £000	2021 £000
Group and company		
At 1 October 2021	34	86
(Utilised)/charged in year	(8)	(52)
At 30 September 2022	26	34

24. Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
1,052 (2021 - 1,052) Ordinary shares of £1.00 each	1	1

25. Reserves

Capital redemption reserve

This reserve records the nominal value of preference shares repurchased by the Group and the Company.

Revaluation reserve

The revaluation reserve reflects the amount by which the current value of the Group and the Company's property portfolio exceeds its original purchase price.

Other reserves

Other reserves arose on the acquisition of certain estate agency branches by the Group.

Profit and loss account

The profit and loss account represents accumulated post-tax profits net of dividend payments for the Group and Company.

ARUN ESTATE AGENCIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

26. Pension commitments

The group operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £1,573,000 (2021: £1,472,000 less amounts received under the CJRS).

27. Post balance sheet events

The ongoing challenging UK economic climate has the propensity to significantly impact the Group's trading. However, in the past the Group has taken immediate actions, as outlined in the Group Strategic Report, to mitigate such an impact. As the result of these previous actions the Group believes that it has the systems and structures in place to deal with the ongoing global and economic challenges. The Group remains financially strong and has not needed to access any external funding and has produced an acceptable result subsequent to the year end.

Neither this event nor any other event since the year-end has affected the figures contained within these financial statements.

28. Related party transactions

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into and balances outstanding at 30 September are as follows:

	2022 £000	2021 £000
Amounts owed by related parties	49,735	46,746
Sales to related parties	30	45
Purchases from related companies	7	27
Purchases from key management	826	936
Sales to key management	129	117

Sales and purchases between related parties are made at normal market prices. The loans to related companies are secured and interest-bearing. Trading balances are on normal commercial terms with settlement expected within 30 days.

Of the amount owed by related parties £42,746,000 (2021: £46,746,000) was due after more than one year.

Repayment had previously been deferred in view of the effects of the COVID-19 pandemic. Since the year end, repayments have resumed and heads of agreement have been reached to put the remaining balance on a formal repayment basis over the next seven years. The amounts received combined with the scheduled repayments by September 2023 are £6,000,000 in loan principal and £989,000 in interest and these amounts have been treated as receivable within one year.

29. Controlling party

The controlling party is P A Rooney.